
Introduced by Senator Speier

February 25, 2000

An act to amend Section 1347.15 of the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

SB 2083, as introduced, Speier. Health care service plans.

Existing law provides for the regulation and licensing of health care service plans by the Department of Managed Care, effective no later than July 1, 2000, or earlier pursuant to an executive order of the Governor. Existing law establishes the Financial Solvency Standards Board in the department to, among other things, advise the director of the department on matters of financial solvency affecting the delivery of health care services and develop and recommend to the director financial solvency requirements and standards relating to plan operations.

This bill would correct an erroneous cross-reference in the board's enumerated functions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1347.15 of the Health and Safety
2 Code is amended to read:
3 1347.15. (a) There is hereby established in the
4 Department of Managed Care the Financial Solvency
5 Standards Board composed of eight members. The

1 members shall consist of the director, or the director's
2 designee, and seven members appointed by the director.
3 The seven members appointed by the director may be,
4 but are not necessarily limited to, individuals with
5 training and experience in the following subject areas or
6 fields: medical and health care economics; accountancy,
7 with experience in integrated or affiliated health care
8 delivery systems; excess loss insurance underwriting in
9 the medical, hospital, and health plan business; actuarial
10 studies in the area of health care delivery systems;
11 management and administration in integrated or
12 affiliated health care delivery systems; investment
13 banking; and information technology in integrated or
14 affiliated health care delivery systems. The members
15 appointed by the director shall be appointed for a term
16 of three years, but may be removed or reappointed by the
17 director before the expiration of the term.

18 (b) The purpose of the board is to do all of the
19 following:

20 (1) Advise the director on matters of financial
21 solvency affecting the delivery of health care services.

22 (2) Develop and recommend to the director financial
23 solvency requirements and standards relating to plan
24 operations, plan-affiliate operations and transactions,
25 plan-provider contractual relationships, and
26 provider-affiliate operations and transactions.

27 (3) Periodically monitor and report on the
28 implementation and results of the financial solvency
29 requirements and standards.

30 (c) Financial solvency requirements and standards
31 recommended to the director by the board may, after a
32 period of review and comment not to exceed 45 days and,
33 notwithstanding Section 1347, be noticed for adoption as
34 regulations as proposed or modified under the
35 rulemaking provisions of the Administrative Procedure
36 Act (Chapter 3.5 (commencing with Section 11340) of
37 Part 1 of Division 3 of Title 2 of the Government Code).
38 During the director's 45-day review and comment
39 period, the director, in consultation with the board, may
40 postpone the adoption of the requirements and standards

1 pending further review and comment. Within five
2 business days of receipt by the director of the
3 recommendation of the board, the director shall send an
4 information only copy of the recommendations to the
5 members of the Advisory Committee on Managed Care.
6 Nothing in this subdivision prohibits the director from
7 adopting regulations, including emergency regulations,
8 under the rulemaking provisions of the Administrative
9 Procedure Act.

10 (d) Except as provided in subdivision (e), the board
11 shall meet at least quarterly and at the call of the chair.
12 In order to preserve the independence of the board, the
13 director shall not serve as chair. The members of the
14 board may establish their own rules and procedures. All
15 members shall serve without compensation, but shall be
16 reimbursed from department funds for expenses actually
17 and necessarily incurred in the performance of their
18 duties.

19 (e) During the two years from the date of the first
20 meeting of the board, the board shall meet monthly in
21 order to expeditiously fulfill its purpose under
22 ~~subparagraphs (A) and (B) of paragraph~~ *paragraphs* (1)
23 *and* (2) of subdivision (b).

24 (f) For purposes of this section, “board” means the
25 Financial Solvency Standards Board.

